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The Government of Mysore have already acknowledged, in a separate communication, the receipt of the official letter from your Secretary, dated the 16th January 1925, on the subject of the Surplus Revenues of the Assigned Tract of Bangalore.

In sanctioning the revised settlement arrived at between the Government of India, as represented by you, and the Durbar, the Secretary of State has, the Durbar are pained to notice, again referred to the surrender of the surplus revenue to them as "purely an act of grace". The reasons advanced for such an assumption are that the payment is not provided for in either of the governing documents, namely, the Instrument of Transfer and the Memorandum of Assignment.

In this letter, I am desired to reiterate the views of the Durbar on the particular aspect of the matter to which the Secretary of State refers, and to express the hope that you will be good enough to place their views not only before His Excellency the Viceroy but also before the Secretary of State for India for their earnest and sympatnetic consideration.

The Government of Mysore have no desire to revive, much less to prolong, this controversy, and if they revert to the subject it is because they feel that silence on their part would be construed as acquiescence in the reference of the Secretary of State to the pay-

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ment of the surplus as "an act of grace". They are, therefore, compelled to place on record their respectful but emphatic dissent from that view, and they cannot help feeling that in forming his opinion, the Secretary of State has not taken the past history of the question fully into consideration. As you are well aware, the controversy between the Government of India and the Mysore Government in regard to the surplus question has been a very protracted one. It started so long ago as 1884, and the Mysore Government all along consistently urged their right to a share of the surplus revenues of the Tract, not as a mere matter of grace but because they considered that they were legitimately entitled to them, and they left the Government of India in no doubt as to their position in this matter. Their claim was expressly recognised and admitted by the Imperial Government in 1912, and in the course of the official letter communicating the orders of the Government of India, the Resident stated that "in the event of a regular and substantial surplus accruing to the pro forma accounts the surplus will be handed over to the Durbar."

The idea of an act of grace was definitely excluded by the statement in the same letter that the Government of India <u>recognised the Durbar's claim to the surplus of the revenues of the Assigned Tract</u>. Further, it was precisely stated that they had no intention of benefiting the Imperial Exchequer at the cost of

those revenues. Accordingly, the Government of India gave the unqualified promise which I have quoted above, and the Resident proceeds to congratulate the Durbar upon the termination of a long discussion.

The settlement of 1912 was acted on for 6 years, and was only objected to in 1918, (vide letter No. 8340 dated December 5, 1918 from the First Assistant to the Resident). In that letter the Government of India signified their intention of modifying the settlement, and the Durbar was told for the first time that "any particular payment of the surplus was an act of grace". The Government of Mysore was naturally surprised at this change of attitude on the part of the Government of India and sent in their protest. The controversy dragged on until a few months ago, when, largely owing to your tact and ability, a settlement was reached and although it constituted a radical departure from the settlement of 1912, and was not so favourable to the Government of Mysore, they nevertheless, agreed to it not wishing to raise any further difficulties and being as anxious to end the controversy as the Government of India or yourself. But this agreement related to method and amount of payment and not to the principle of obligation (finally established in the letter referred to) on which payment is based. It is impossible for the Durbar to forego insistence upon that principle, nor can it be violated without direct violation of the undertaking of 1912.

I trust it will be conceded that the negotiations have proceeded on the basis of a claim put forward by one party and virtually, if not expressly, admitted by the other. If it were merely a matter of grace the whole question could, and doubtless would, have assumed a different complexion. It seems inconceivable to the Government of Mysore that a dispute as to amount and mode of payment would have dragged on so long if the very claim to payment had really no basis in fact or equity and payment were a matter that rested entirely on the pleasure of the Government of India. The very suggestion of your predecessor in his letter dated the 13th July 1921 that the payment of Rs 4 lakhs annually " represents a fair offer" is a clear recognition that a claim exists and must be satisfied by appropriate annual payment. Indeed, without such a recognition the reference by the Government of India to "negotiations" and to the laying down of a policy in this matter which was "equitable to both parties" could hardly be said to carry any meaning.

The Secretary of State refers to the absence of any explicit reference to the payment of the Surplus Revenues to the Durbar in the Instrument and the Memorandum. Why then was this omission ignored in 1912 ? The Durbar feel, however, that the omission does not vitiate but may even strengthen their claim. These documents are records not of rights reserved by the Maharaja of Mysore but of those transferred to the British Government, and if

they are to be considered as exhaustive documents the omission of mention of revenue confirms its retention by Mysore. Its transfer cannot be inferred. And indeed the omission seems to be deliberate in as much as prior to these documents the Chief Commissioner of Mysore had maintained that the Imperial Funds ought not to benefit by the surplus and this contention was not negatived at the time. The Durbar have based their claim on the fact that the assignment of the tract to the British did not mean the surrender of the surplus by Mysore vide Dewan's letter of the 17th May 1884, in which he stated that "Mysore has a legitimate claim to the Revues of the Civil and Military Station". Be that as itmay, the Durbar feel that all doubt was set at rest by the actual recognition of their claim to the Surplus in 1912, and by the payment to them of the surplus with retrospective effect from the date of assignment of the Tract, a period of 31 years. The subsequent negotiations that have taken place between the two parties have, in their opinion, confirmed their claim.

So far as expenditure on the Assigned Tract is concerned, the Durbar recognise, and have always recognised, the fairness of the view taken by the Secretary of State, and subscribe wholeheartedly to the principle laid down by him, namely, that the efficient maintenance of the C. & M. Station should have the first claim on the revenues of the Tract. Their only contention is that any surplus left over after

satisfying all legitimate and reasonable demands of the Tract is theirs, and should be handed over to them in accordance with the present settlement, and not credited to the Imperial Exchequer or reserved for possible future expenditure on the Tract.

In conclusion, I am instructed by His Highness once again to make an earnest appeal, through you, to His Excellency the Viceroy and to the Secretary of State not to introduce any new principle into the present agreement, which has been regarded as an equitable settlement between two contracting parties. Any recognition by the Government of Mysore of this settlement as being subject to the instability implied in an act of grace would, the Durbar feel, deprive the settlement of the element of certainty and continuity which is so necessary for the harmonious and expeditious development of mutual interests, and might conceivably even lead to the extinguishment of a right to which they not unnaturally attach great value.

The Hon'ble
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Resident in Mysore, Bangalore.